



Arnold Schwarzenegger
Governor

February 2, 2010
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Mr. Earl Johnson, Senior Policy Advisor
City of Oakland, Office of the Mayor
1 Frank H. Ogawa Plaza, Third Floor
Oakland, CA 94612

Dear Mr. Johnson:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the City of Oakland Workforce Development Division's (City of Oakland) ARRA Summer Youth Program (SYP). This review was conducted by Mr. David Hinojosa from August 10, 2009 through August 13, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the City of Oakland with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of the City of Oakland, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, the City of Oakland's response to Sections I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

Because the City of Oakland did not respond to the draft monitoring report, we are releasing it as the final report. Therefore, findings one, two, three, and four remain

unresolved and are assigned Corrective Action Tracking System (CATS) numbers 10025, 10026, 10027, and 10028, respectively.

BACKGROUND

The City of Oakland allocated \$2,739,596 of its \$4,488,139 youth allocation to serve 1,000 summer youth program participants.

As of July 31, 2009 the City of Oakland expended \$424,198.42 to serve 525 summer youth program participants.

ARRA SYP REVIEW RESULTS

While we concluded that, overall, the City of Oakland is meeting applicable ARRA requirements, we noted instances of noncompliance in the following areas: cost/price analysis, work permits, youth eligibility barriers, and labor law. The findings that we identified in these areas, our recommendations and the City of Oakland's proposed resolution of the finding are specified below.

FINDING 1

Requirement: 29 CFR 95.45 states, in part, that a cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

Observation: We found that the City of Oakland did not ensure that its subrecipients comply with the applicable federal requirements pertaining to cost or price analysis for all procurement actions. We found that the City of Oakland's subrecipient, the Oakland Private Industry Council (OPIC), did not conduct a cost/price analysis for any of the awards that resulted from two request for proposals for the ARRA SYP. There were 13 contracts awarded. During the onsite review, OPIC staff provided a cost/price analysis that was completed during the review.

There were similar issues in PYs 2007-08 and 2008-09.

Recommendation: We recommended that the City of Oakland provide the Compliance Review Office (CRO) with a corrective action plan (CAP) stating how they will ensure that its subrecipients complete a timely cost or price analysis for every procurement prior to completing the procurement.

City of Oakland Response: The City of Oakland did not respond to the draft monitoring report.

State Conclusion: Because the City of Oakland did not respond to our draft monitoring report, we cannot resolve this issue. We will consider resolving this issue when the City of Oakland submits the documentation requested above to CRO. Until then, this issue remains open and has been assigned CATS number 10025.

FINDING 2

Requirement: California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of 18 years to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

Observation: We observed that there were no work permits on file in 6 of 18 participant case files reviewed where the participant was required to have a work permit. Subsequent to the review, one provider faxed copies of two work permits showing that the participants did have work permits issued prior to beginning work, leaving four participants without a work permit.

Recommendation: We recommended that the City of Oakland provide CRO with copies of the youth work permits for the four participants and a CAP stating how it will ensure that, in the future, all work permits are in the participant case files, contain issue dates, and are issued prior to the participant beginning work.

City of Oakland Response: The City of Oakland did not respond to the draft monitoring report.

State Conclusion: Because the City of Oakland did not respond to our draft monitoring report, we cannot resolve this issue. We will consider resolving this issue when the City of Oakland submits to CRO the documentation requested above. Until then, this

issue remains open and has been assigned CATS number 10026.

FINDING 3

Requirement:

20 CFR 664.200 states, in part, that an eligible youth is defined as an individual who is age 14-21; a low income individual, and is within one or more of the following categories:

1) Deficient in basic literacy skills; 2) School dropout; 3) Homeless, runaway, or foster child; 4) Pregnant or parenting; 5) Offender; or 6) is an individual (including a youth with a disability) who requires additional assistance to complete an educational program, or to secure and hold employment.

20 CFR 664.205 states, in part, that definitions and eligibility documentation requirements regarding the "deficient in basic literacy skills" criterion in Section 664.200(c)(1) may be established at the State or local level. These definitions may establish such criteria as are needed to address State or local concerns, but must include a determination that the individual:

- (1) Computes or solves problems, reads, writes, or speaks English at or below grade level 8.9; or
- (2) Is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual's family or in society.

Training and Employment Guidance Letter 14-08(16)(C) states, in part that eligibility for youth served with Recovery Act funds is the same as for the WIA Youth program, with the exception that allows for youth up to the age of 24 to be served with Recovery Act funds.

Observation:

We observed that of 2 of 30 SYP participant case files reviewed used basic skill deficiency as a basis for eligibility but did not have proof of academic testing showing they were basic literacy skills deficient as a basis of eligibility. Specifically, one youth provider provided an applicant statement from the participant that they were basic literacy skills deficient, however, provided no proof of academic testing. The second youth provider provided academic testing results that verified that the participant was not basic literacy skills deficient.

Recommendation: We recommended that the City of Oakland provide verification of eligibility for the two SYP participants noted above, or exit the participants from the program and reverse any charges made against the ARRA SYP grant.

City of Oakland Response: The City of Oakland did not respond to the draft monitoring report.

State Conclusion: Because the City of Oakland did not respond to our draft monitoring report, we cannot resolve this issue. We will consider resolving this issue when the City of Oakland submits the documentation requested above to CRO. Until then, this issue remains open and has been assigned CATS number 10027.

FINDING 4

Requirement: Welfare Industrial Code (WIC) wage order Section 11 states, in part, that no employer shall employ any person for a work period of more than five hours without a meal period of not less than 30 minutes, except that when a work period of not more than six hours will complete the day's work the meal period may be waived by mutual consent of the employer and the employee.

Observation: We reviewed 30 SYP participant case files and found that one timesheet showed the participant worked 8 hours without a meal period. Specifically, the participant began working at 9 a.m. ended work at 5 p.m. and was paid for 8 hours. There was no time documented in the lunch column to indicate the participant had taken a meal period.

Recommendation: We recommended that the City of Oakland provide a CAP, to CRO, describing how it will ensure that all participants are provided a meal break as stated in the labor laws.

City of Oakland Response: The City of Oakland did not respond to the draft monitoring report.

State Conclusion: Because the City of Oakland did not respond to our draft monitoring report, we cannot resolve this issue. We will consider resolving this issue when the City of Oakland submits the documentation requested above to CRO. Until then, this

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issue remains open and has been assigned CATS number 10028.

Due to the short period of time the 2009 SYP is in operation the above corrective actions were requested in the exit conference in order that corrective action can be taken immediately. We are providing you up to 10 working days after receipt of this report to submit to the Compliance Review Office your response to this report. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than February 17, 2010. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is the City of Oakland's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain the City of Oakland's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please call Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Dathan O. Moore, MIC 50
Linda Palmquist, MIC 50
Daniel Patterson, MIC 45